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**WATERLOO**

**MANUFACTURING**

**COMPANY, LIMITED**

**ANNUAL REPORT 1969**

**OFFICERS AND DIRECTORS**  
**THE WATERLOO MANUFACTURING COMPANY, LIMITED**

**OFFICERS**

F. C. TAYLOR	. . . . .	President
D. W. DAUB	. . . . .	Vice-President
B. D. TAYLOR	. . . . .	Secretary-Treasurer

**DIRECTORS**

F. T. CARNEGIE	L. A. KAAKE
D. W. DAUB	S. MARS LAND
W. G. DINGWALL, Q.C.	B. D. TAYLOR
J. M. HARPER, Q.C.	F. C. TAYLOR

**TRANSFER AGENT**

NATIONAL TRUST COMPANY, LIMITED  
Toronto, Ontario



**THE  
WATERLOO  
MANUFACTURING  
COMPANY, LIMITED**

263 PHILLIP STREET, WATERLOO, ONTARIO, CANADA

March 26, 1970

To the Shareholders,

**THE WATERLOO MANUFACTURING COMPANY, LIMITED**

Your Directors present herewith the Balance Sheet of The Waterloo Manufacturing Company, Limited as at December 31, 1969, together with Statements of Income, Retained Earnings and Source and Application of Funds for the year ended on that date, and the Auditors' Report thereon.

The Net Profit in 1969 was \$42,366., after depreciation of \$52,970., compared to a net profit in 1968 of \$57,308., after depreciation of \$57,114. Earnings per Common share decreased to .78¢ from \$1.06 per share in 1968. (This is on the basis that no dividends are contemplated on Preference shares issued as stock dividends.) Our Farm Division operations suffered substantially by the loss of the Minneapolis-Moline line, caused by the consolidation of the Cockshutt and Minneapolis-Moline selling outlets early in the year. We have, however, been successful in obtaining the exclusive representation of the Deutz air cooled diesel tractor, manufactured in West Germany and we expect this tractor will be well received in our Ontario market.

Sales decreased by \$638,416. to \$2,761,605. Our Factory Division operated at a reasonably satisfactory level. The Boiler Division continued to be adversely affected by poor market conditions.

Purchases of Fixed Assets amounted to \$2,161; Working Capital remained relatively unchanged at \$773,920. and our five-year term bank loan was reduced by \$50,000. to \$50,000.

Of the Ten Dollars in Preference stock issued as a dividend in November, 1968, seventy-five cents was redeemed in January, 1969. In December, 1969, a stock dividend of Six Dollars in Preference shares was declared on each Common share.

We take this opportunity of expressing our appreciation to our staff for their loyalty and co-operation.

Respectfully submitted on behalf of the Board of Directors.

F. C. TAYLOR,  
President.



## **AUDITORS' REPORT**

To the Shareholders of

The Waterloo Manufacturing Company, Limited

We have examined the balance sheet of The Waterloo Manufacturing Company, Limited as at December 31, 1969 and the statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Kitchener, Ontario

March 16, 1970.

THORNE, GUNN, HELLIWELL & CHRISTENSON

Chartered Accountants

# THE WATERLOO MANUFACTURING COMPANY, LIMITED

## STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 1969

(with comparative figures for 1968)

	1969	1968
Sales, net .....	\$ 2,761,605	\$ 3,400,021
Depreciation .....	52,970	57,114
Remuneration of directors for their services as directors and officers .....	68,259	68,742
Interest on long term debt .....	6,243	8,418
Other costs of sales, selling, administrative and financial expenses, less sundry revenues .....	2,565,044	3,163,896
	2,692,516	3,298,170
Income before income taxes .....	69,089	101,851
Income taxes		
Current .....	29,520	47,297
Deferred .....	(2,797)	(2,754)
	26,723	44,543
NET INCOME FOR THE YEAR .....	\$ 42,366	\$ 57,308

## STATEMENT OF RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1969

(with comparative figures for 1968)

	1969	1968
Balance at beginning of year .....	\$ 489,285	\$ 972,027
Net income for the year .....	42,366	57,308
	531,651	1,029,335
Dividend on common shares in preference shares ..	324,030	540,050
BALANCE AT END OF YEAR (note 3) .....	\$ 207,621	\$ 489,285

**THE WATERLOO MANUFACTURING COMPANY**  
(Incorporated under the laws of the Province of Ontario)

**BALANCE SHEET**  
(with comparative figures for 1968)

<b>ASSETS</b>		<b>1969</b>	<b>1968</b>
<b>CURRENT ASSETS</b>			
Short term investments .....	\$	446,228	\$ 450,000
Marketable securities, at cost (market value \$6,468) .....		6,500	
Accounts and notes receivable .....		350,477	517,385
Inventories (note 1) .....		615,479	460,923
Prepaid expenses .....		8,191	12,319
		<u>1,426,875</u>	<u>1,440,627</u>
<b>OTHER ASSET</b>			
Special refundable tax .....			<u>867</u>
<b>FIXED ASSETS, at cost</b>			
Land, roads and improvements .....		68,912	68,912
Buildings .....		702,497	702,497
Machinery and equipment .....		906,508	906,613
		<u>1,677,917</u>	<u>1,678,022</u>
Less accumulated depreciation .....		949,665	898,760
		<u>728,252</u>	<u>779,262</u>
		<u><u>\$ 2,155,127</u></u>	<u><u>\$ 2,220,756</u></u>

F. C. TAYLOR, Director  
J. M. HARPER, Director

Approved by the Board:



**URING COMPANY, LIMITED**  
(Incorporated under the laws of Canada)

**DECEMBER 31, 1969**  
(Audited as at December 31, 1968)

**LIABILITIES**

	<b>1969</b>	<b>1968</b>
<b>CURRENT LIABILITIES</b>		
Bank advances .....	\$ 171,508	\$ 181,023
Accounts payable and accrued liabilities .....	416,314	418,493
Income and other taxes payable .....	15,133	18,067
Principal due within one year on long term debt .....	50,000	50,000
	<u>652,955</u>	<u>667,583</u>
<b>LONG TERM DEBT</b>		
Bank loan, maturing December 31, 1970 .....	50,000	100,000
Less principal included in current liabilities .....	50,000	50,000
	<u>—</u>	<u>50,000</u>
<b>DEFERRED INCOME TAXES</b> .....	<u>73,035</u>	<u>75,832</u>

**SHAREHOLDERS' EQUITY**

**CAPITAL STOCK**

Authorized		
1,000,000 4% Non-cumulative preference shares, redeemable at par value of \$1 each of which 160,762.75 (120,192.75 in 1968) is- sued shares have been redeemed		
69,280 Common shares without par value		
Issued or to be issued		
823,510 Preference shares (540,050 shares in 1968) (note 2) .....	823,510	540,050
54,005 Common shares .....	398,006	398,006
	<u>1,221,516</u>	<u>938,056</u>
<b>RETAINED EARNINGS</b> (note 3) .....	<u>207,621</u>	<u>489,285</u>
	<u>1,429,137</u>	<u>1,427,341</u>
	<u>\$ 2,155,127</u>	<u>\$ 2,220,756</u>

**THE WATERLOO MANUFACTURING COMPANY, LIMITED**  
**STATEMENT OF SOURCE AND APPLICATION OF FUNDS**

YEAR ENDED DECEMBER 31, 1969  
(with comparative figures for 1968)

	1969	1968
<b>SOURCE OF FUNDS</b>		
Operations		
Net income for the year .....	\$ 42,366	\$ 57,308
Items not involving current funds		
Depreciation .....	52,970	57,114
Deferred income taxes .....	(2,797)	(2,754)
	<u>92,539</u>	<u>111,668</u>
Sale of fixed assets .....	201	
Special refundable tax .....	867	3,290
	<u>93,607</u>	<u>114,958</u>
<b>APPLICATION OF FUNDS</b>		
Additions to fixed assets .....	2,161	5,163
Redemption of preference shares .....	40,570	40,504
Principal on long term debt reclassified in current liabilities .....	50,000	50,000
	<u>92,731</u>	<u>95,667</u>
INCREASE IN WORKING CAPITAL .....	876	19,291
WORKING CAPITAL AT BEGINNING OF YEAR .....	773,044	753,753
WORKING CAPITAL AT END OF YEAR .....	<u>\$ 773,920</u>	<u>\$ 773,044</u>



**THE WATERLOO MANUFACTURING COMPANY, LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 1969**

**1. INVENTORIES**

	<b>1969</b>	<b>1968</b>
Purchases for resale, at lower of cost and replacement cost .....	\$ 473,617	\$ 330,058
Work in process, at estimated cost .....	102,572	84,837
Raw materials, at lower of cost and replacement cost .....	39,290	46,028
	<u>\$ 615,479</u>	<u>\$ 460,923</u>

**2. CAPITAL STOCK**

During the year 40,570 preference shares were redeemed at par value of \$1 each. A stock dividend on common shares of 324,030 preference shares was declared on December 11, 1969 payable January 22, 1970.

**3. RETAINED EARNINGS**

During 1969 \$40,570 (\$40,504 in 1968) was set aside as capital surplus due to preference share redemptions and as a result the retained earnings at the end of the year includes \$160,763 (\$120,193 in 1968) set aside as capital surplus on the redemption of preference shares.

As a result of a reorganization in 1939 by which the deficit at that time was eliminated, no portion of retained earnings is taxable undistributed income as defined by the Income Tax Act.







